



FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36337]

Watco Holdings, Inc.—Continuance in Control Exemption—Savannah & Old Fort Railroad, L.L.C.

Watco Holdings, Inc. (Watco), a noncarrier, has filed a verified notice of exemption pursuant to 49 CFR 1180.2(d)(2) to continue in control of Savannah & Old Fort Railroad, L.L.C. (SOFR), upon SOFR's becoming a Class III carrier. Watco owns, indirectly, 100% of the issued and outstanding stock of SOFR.

This transaction is related to a concurrently filed verified notice of exemption in Savannah & Old Fort Railroad—Change in Operator Exemption—Golden Isles Terminal Railroad, Docket No. 36336, in which SOFR seeks an exemption under 49 CFR 1150.31 to acquire from CSX Transportation, Inc., by assignment of lease, and to operate, approximately 6.45 miles of rail line between milepost ASO 493.3 at or near Staley Avenue and milepost ASO 499.75 at the end of the line, in Savannah, Ga. (the Line). Upon consummation of the transaction in Finance Docket No. 36336, SOFR would become a Class III carrier.

The earliest this transaction may be consummated is August 29, 2019, the effective date of the exemption (30 days after the verified notice was filed).

Watco states that it currently controls, indirectly, 38 Class III rail carriers<sup>1</sup> and one Class II rail carrier, collectively operating in 27 states.<sup>2</sup> For a complete list of these rail carriers and the states in which they operate, see Watco's notice of exemption filed on July 30, 2019.<sup>3</sup> The notice is available at [www.stb.gov](http://www.stb.gov).

Watco represents that: (1) the rail line to be operated by SOFR does not connect with any lines of any other Watco-controlled rail carriers; (2) the proposed continuance in control of SOFR is not part of a series of anticipated transactions that would connect the Line with the rail lines of any other railroad in the Watco corporate family; and (3) the transaction does not involve a Class I rail carrier. The proposed transaction is, therefore, exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Because the transaction involves control of one Class II and one or more Class III rail carriers, the transaction is subject to the labor protection requirements of 49 U.S.C. 11326(b) and Wisconsin Central, Ltd.—Acquisition Exemption—Lines of Union Pacific Railroad, 2 S.T.B. 218 (1997).

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<sup>1</sup> In its verified notice, Watco states that it currently controls 39 Class III railroads, but this appears to be a misstatement, as the number of Class III carriers listed elsewhere in the notice adds to 38.

<sup>2</sup> Although Watco's verified notice indicates that the carriers it controls operate in 25 states, the notice lists 27 different states.

<sup>3</sup> The list of carriers on pages 4-5 of the verified notice does not include Ithaca Central Railroad, LLC, though that carrier is listed as one of the applicants on page 9.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Stay petitions must be filed no later than August 22, 2019 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36337, must be filed with the Surface Transportation Board either via e-filing or in writing addressed to 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Watco's representative, Karl Morell, Karl Morell & Associates, 440 1st Street, N.W., Suite 440, Washington, DC 20001.

According to Watco, this action is excluded from environmental review under 49 CFR 1105.6(c) and from historic preservation reporting requirements under 49 CFR 1105.8(b)(1).

Board decisions and notices are available at [www.stb.gov](http://www.stb.gov).

Decided: August 12, 2019.

By the Board, Allison C. Davis, Director, Office of Proceedings.

Jeffrey Herzig,

Clearance Clerk.

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